



Your Aging & Disability Resource Center

Area Agency on Aging

PALM BEACH / TREASURE COAST, INC.

ADRC Emergency Board of Directors Meeting Friday, May 3, 2019

Present

James Sugarman
Elayne Forgie
Jose Thomas-Richards, DO
Sheldon Siskin
Ian Cordes
James Cioffi, Esq.
Barbara Pembamoto

Phone

Lesley Vestrich
Monica Wilson
Neal Abarbanell
Barbara Fretwell
Arnold Gaines, Esq.

Staff

Sonja Honkala

Guests

Mike Dyer, Foundation Chair
John Foley, Esq, Legal Counsel, Legal Aid Society

Absent

Ted Peroulakis (excused)
Faith Myer (excused)
Kathryn L. Perrin, Esq. (excused)

Welcome – Jim Sugarman began the meeting at 8:33 a.m. and asked for introductions around the room and from those on the phone.

Initial Cost Cutting at ADRC:

Jim shared there will be a 10% cut in staffing which equates to 7 positions. At this time we also have a few vacant positions that will not be filled.

- On April 30th we received a cashier's check for \$4,700 from Joyce Espinal for her outstanding loan which was due by that day as per her termination letter. We believe there may be other funds due but that has yet to be determined.
- Additional Costs – The agency has had a history of taking on unnecessary costs which were not budgeted for and it was often said that they were taken from discretionary funds which oftentimes was use of funds from the Line of Credit.
 1. For example, Jaime had given memberships to all staff, board and advisory council members for one association at a cost of about \$4,000, when all that had been budgeted for the entire year was \$4,000.
 2. The costs for our computer technical assistance program which was offered to other AAAs and nonprofits was expended from the Line of Credit with no guaranty of other AAAs or nonprofits supporting it. The agency spent large sums for this program without having commitments.
 3. The annual cost of \$14,000 for media support on I-Heart Radio with no way to measure its value and no line in the budget to support it.
 4. The advances referred to as loans in the PSA 9 monitoring report which in essence were interest free loans.

Forensic Audit and 2018 Audit:

Mike shared that the agency's 2017 audit appeared accurate and it showed a \$260,000 loss but no significant control criticisms. It was discouraging for Board members to hear from Jim that emails between Jaime, Joyce

and DoEA which stated serious financial concerns were never shared with the Board and all were not sure why the Board never received correct financial statements during meetings. John Foley stated most organizations run in a deficit but what Jaime did of not paying creditors is an issue.

Mike shared that we have received 2 audit proposals and that proposals are due to ADRC by Monday, May 6, 2019. Our audit is due by July 1, 2019 and the first bid received indicated that they could be complete the audit on or before June 30, 2019. The agency contracted Carlos Tavares, a CPA at a cost of \$150 per hour to help us get our financial books in order so that we could carry out the 2018 audit. Mr. Tavares said that our books looked good and verbally spoke with Mike Dyer stating the agency is ready for the audit. Questions were asked about Mr. Tavares's fee which was \$150.00 an hour and he told Mike he could call on him anytime for no charge.

Forensic Audit:

Once all the firms have submitted their proposals, our next step will be to determine which one is the strongest and talk about having them do both our annual and forensic audits. Ian Cordes asked, how far would they go back and Mike responded usually with a forensic audit it's 3 to 4 years and they will carry out a deeper audit if they feel it is necessary will recommend go further back year by year.

Financial Statement:

Mike handed out the agency's financial statement and explained that we are still struggling to find out what our totals are month to month. Some issues we are having is not fully understanding the fiscal software we have and as it's a complex system we need to explore how to better utilize it or change it.

1. How they post
2. DoEA Invoices, no general ledger account to pull this information
3. Need to build a cash flow system. Everything is comingled and allocated
4. Center of Excellence (departments) – Each center does not have knowledge of their budget and if they needed to order anything they had to go through Joyce

CEO Search Process Update:

Jim thanked all the board members who are serving on the Search and Selection Committee and shared the steps.

1. We received over 90 resumes.
2. The group has been narrowed down to 10 candidates, all of whom will be interviewed by phone.
3. Face to face interviews with 4 to 6 candidates will take place with the Committee and stakeholder groups and prior to that all will be informed of the agency's fiscal situation.

DoEA Monitoring:

Our next DoEA monitoring that had been scheduled for this summer has been moved to October. The agency responded to DoEA regarding the 2017 Monitoring Report Findings and also shared that 2018 will probably present some of the same issues that were in the 2017 report. An issue of concern is the turnaround time for processing invoices from vendors and securing funds from by DoEA to pay the providers.

Status Regarding the following:

- Florida DoEA – Jim and Mike have been diligently trying to speak with Richard Prudom and with the legislature in session it has not been easy. The agency needs guidance from DoEA. Last fall there were emails from DoEA to Jaime and Joyce about the serious deficit and their response back was they could use the line of credit but DoEA responded the line of credit is already included in the totals.

- PBC DoSS – As per the PBC Division of Senior Services (DoSS) agreement we are supposed to send them funds owed within 45 days from the time they send AAA their invoice. As that has not been realistic for many years we have asked DoSS to consider extending the time substantially and while even an extension will not be enough time at this time for us, due to all the funds owed at this junction, additional time to process their invoice and acquire the funds from the state would help our AAA. Two days ago Jim and Mike spoke with Jon Van Arnam and Nancy Bolton from the county to see if we could get more time to pay back DoSS. Jon tried to be helpful, however there is not a lot he can do without presenting the request to the County Commissioners.
- NonProfits First – The AAA responded to a letter from them which included a time frame to have various goals met. Our agency has been put on suspension with NPF until we can forward the documentation they need.
- United Way of Palm Beach County – As our Foster Grandparent Program needs the match from United Way to support the program and as we have not been certified by NPF it is possible that we might lose our match with United Way which means the FGP program would not continue under our auspices. We remain hopeful that before the end of August we can secure the certification from NonProfits First.

Monica Wilson thanked Jim and Mike and had several questions regarding our proceeding with Chapter 11 and developing a recovery plan and if the issue of gross negligence is being addressed. Mike responded that he believes our urgent need right now is to deal with the present and get ready for the audit and that he fully understands that this is a very tough place for our agency and all to be faced with but we need to explore the issues carefully and then make a decision as to our next steps.

Mike and Jim have, through dialogues with DoEA, the landlord and DoSS, have begun to develop a recovery plan which includes lowering costs and some reorganization. Mike noted that the agency is in a precarious position should a creditor demand payment. Jim stated that he hopes DoSS will work with the agency as we demonstrate transparency. Yesterday Jim reached out to Dr. Jamie Huysman to potentially have Dr. Rapier serve as a donor to help the agency but have not heard back.

Our Lease at 4400 North Congress

Mike shared that Jonathan Cameron-Hayes who is the property manager has been very understanding and has spoken with the Franks family (landlord). Jim shared that that Jonathan Cameron-Hayes indicated that he spoke to Jaime after he resigned and that Jaime indicated that the agency was in great shape financially. Knowing some of our issues they have understandably become less understanding than they have been in the past and now are requesting all kinds of information about our agency regarding our operations and sustainability. Please note that our rent is \$47,000 a month and that we have a lease through 2028.

Palm Beach Post Article

Jim was grateful the online article on the agency was focused on the PSA 9 Monitoring Report findings, that it was not run in hard copy and that it's no longer available online. Board members thanked Jim for focusing on the 2017 DoEA Monitoring report.

Line of Credit at BMO Bank

Mike shared that our Line of Credit (ie loan from BMO bank) has a clause which if we were to default on the loan would enable them to seize our bank account at any time. He stated that we may want to consider filing bankruptcy under Chapter 11 which would help the agency break even. John Foley, our legal counsel, clarified what this means and that there are no personal guarantees and that bankruptcy may jeopardize our agency and how we are viewed in the community. There would be some items to consider: 1) One trustee to negotiate with creditors, 2) Permanent suspension with NPF and 3) Obligation to notify DoEA

Next Steps

Jim Cioffi and other Board Members would like to have time to try to raise the money to pay down the Line of Credit and will get back to us on Monday. Other ideas also were presented on how to help the agency.

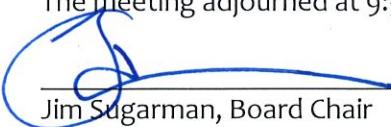
Jim would like a motion to accept help from Board Members and wait until next Tuesday to meet. **MOTION:** Motion to table the discussion of bankruptcy until Tuesday's Board meeting at 4pm and to support looking into finding major supporters for AAA (Cioffi/Cordes). Motion carried unanimously.

Barbara Fretwell asked that if we pay off the Line of Credit, will the agency still have big issues and could we still declare bankruptcy. The answer was yes.

Jim thanked everyone for their patience.

Quorum – was met

The meeting adjourned at 9:55 a.m.



Jim Sugarman, Board Chair